



HUMAN RESOURCES AND BENEFITS

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IMPORTANT NOTICE

CLARIFICATION ON UCRP CAP DISTRIBUTION OPTIONS

The distribution options for the UCRP Capital Accumulation Provisions (CAP) balances for LANL employees that are described in the UC Decision Guide are clarified as follows:

- If you retire from UCRP, you are required to take a distribution/rollover of your CAP (no change from Decision Guide).
- If you are not vested in UCRP, transition to LANS and elect TCP2, you are required to take a distribution/rollover of your CAP (this is a change from the Decision Guide)
- If you elect inactive vested status in UCRP, you may choose to take a distribution/rollover of your CAP or leave it with UC. This applies whether you transition employment to LANS in TCP2 or do not accept a job offer from LANS (no change from Decision Guide).
- If you transition to LANS and elect TCP1, which means your service credit from UCRP will be transferred to the LANS Pension Plan One, you are required to leave your CAP with UC until you terminate employment from LANS (this is a change from the Decision Guide).

CAPs that remain with UC will continue to accrue earnings at the rate of 8.5% or UCRP's assumed earnings rate (currently 7.5%), depending upon the date of the CAP allocation.

Last week we were advised that Internal Revenue Service guidance indicates that employees who transition from UCRP to the LANS TCP1 cannot take a distribution/rollover of their CAP balance. This does not affect your distribution choices for the Defined Contribution Plan, the 403(b) Plan or the 457(b) Plan or your ability to take a CAP distribution/rollover if you elect inactive vested status or retire.

If you have already submitted a 142CAP form, and you elect TCP1, we will not be able to process your CAP request. You can submit an amended LANS election form any time up to 5 p.m. MT on May 15, 2006. LANS will follow the election form with the most recent date.